

The Honorable Dan Crenshaw—Statement for the Record

“Tribal Voices, Tribal Wisdom: Strategies for the Climate Crisis”

During the Select Committee on the Climate Crisis hearing on “Tribal Voices, Tribal Wisdom: Strategies for the Climate Crisis”, many of my Democratic colleagues reiterated the oft-repeated claim that fossil fuels get inordinate amounts of federal subsidies. Backing up this claim, my colleagues used a report from IMF, entitled, “Still Not Getting Energy Prices Right: A Global and Country Update of Fossil Fuel Subsidies”

During my time in Congress, “subsidy” has generally been defined as a sum of money transferred by the government to assist an industry or business. The term is so broad that it includes tax exemptions or deductions, grants, loans, and other fiduciary devices.

However, “subsidy” has never been defined so broadly as to include indirect or correlational environmental costs and global warming costs. But this is the definition that the IMF used to calculate global fossil fuel subsidies at a whopping \$5.9 trillion in 2020 or about 6.8 percent of GDP and are expected to rise to 7.4 percent of GDP in 2025. And, by extension, this is the definition that my Democratic colleagues used to mischaracterize the subsidies that fossil fuels receive.

Instead, I would like to direct my colleagues to Congressional Research Service’s calculation of tax preferences and subsidies in the energy industry¹.

**Table 3. Comparing Energy Production and Energy Tax Incentives:
Fossil Fuels and Renewables: 2017**

	Production		Tax Incentives	
	Quadrillion Btu	% of Total	Billions of Dollars	% of Total
Fossil Fuels	68.5	77.7%	\$4.6	25.8%
Renewables ^a	11.2	12.8%	\$11.6	65.2%
Renewables: Alternative Subcategories				
Renewables, Excluding Hydroelectric ^b	8.4	9.7%	\$11.6	65.2%
Renewables, Excluding Biofuels	9.0	10.1%	\$9.5	53.4%
Renewables, Excluding Hydroelectric and Biofuels	6.2	7.0%	\$9.5	53.4%
Nuclear	8.4	9.5%	\$0.3	1.7%

Source: Calculated using data presented in **Table 1** and **Table 2** above.

Note: Tax incentive shares do not sum to 100% as some incentives are for efficiency or alternative technology vehicles.

- Renewables tax incentives include targeted tax incentives designed to support renewable electricity and renewable fuels.
- The value of total tax incentives for renewables excluding hydroelectric power is less than the total value of tax incentives when those available for hydropower are included. However, the difference is small. JCT estimates that in 2017, the tax expenditures for qualified hydropower under the PTC are less than \$50 million.

I applaud my colleagues for their concern over the direction of scarce federal resources. However, it may be a better question to ask – should we be subsidizing the renewable energy industry to the tune of \$11B a year, for them to produce such a small share of the nation’s energy?

¹ <https://sgp.fas.org/crs/misc/R44852.pdf>